

EXHIBIT 2

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF
VIRGINIA
Harrisonburg Division

RLI INSURANCE COMPANY,

Plaintiff/Counterclaim Defendant,

v.

NEXUS SERVICES, INC., *et. al.*
Defendant/Counterclaim Plaintiffs

Case No.: 5:18-cv-00066-MFU-JCH

DEFENDANTS' SUPPLEMENTAL ANSWERS TO INTERROGATORIES

COMES NOW the Defendant, Nexus Services, Inc., ("Nexus") by counsel, and for its Supplemental Answers to Plaintiff RLI Insurance Company's Interrogatories, respectfully states as follows:

On October 27, 2023, the Western District of Virginia (Urbanski, J.) ordered, *inter alia*, Defendants to provide sworn supplementation to their June 29, 2023, interrogatory answers. ECF Doc. No. 874 at 15. The Court specified areas for supplementation. Those specified areas have been quoted below and appear in boldface type. Defendants, provides the following in addition and supplemental to their previous answers.

1. **[A] complete accounting of loans, transfers, and payments of any kind or nature to Moore, Donovan, and Ajin ([to supplement] Interrog. Nos. 3 and 4).**

SUPPLEMENTAL ANSWER:

From October 2020 to October 2023, Payroll transfers to Donovan and Moore totaled: 2020 - \$9,802.72; 2021 - \$88360.87; 2022 - \$172935.76; 2023 - \$44919.63

From October 2020 to October 2023, Combined payroll and expense transfers to Donovan and Moore totaled: 2020 - \$ 124119.60; 2021 - \$ 94591.66; 2022 - \$278075.21; 2023 - \$ 121100.98

From October 2020 to October 2023, Expense transfers to Donovan and Moore totaled: 2020 - \$177,029.94; 2021 - \$972,836.87; 2022 - \$652,065.57; 2023 - \$279,036.27. See Appendix for Supplemental Interrogatory Answer One. These figures represent Nexus' best effort to cull the information from it's bank statements.

- 2. [A] full summary of real estate and other assets owned or leased by Nexus or the Entities on or after October 23, 2020 ([to supplement] Interrog. No. 8).**

SUPPLEMENTAL ANSWER: .

A list of real estate owned by Nexus as of November 2020 was located and is provided in Appendix for Supplemental Interrogatory Answer Two. A binder containing property information that was located in the Mill Place Office Park is believed to be in the custody of the Augusta County Sheriff. This list, from November 2, 2020, is the closest list that could be located responsive to the request, which listed a date of October 23, 2020. No further clarification or information can be provided.

- 3. [A] fulsome history of the transfer of any of assets owned or leased by Nexus or the Entities since October 23, 2020 ([to supplement] Interrog. No. 8).**

SUPPLEMENTAL ANSWER:

Each property listed in Appendix for Supplemental Interrogatory Answer Three is identified as either currently or previously owned. Any previously owned real estate was deeded to the mortgage holder in lieu of foreclosure. Because I cannot locate the property binder that was located in my office, I

sent a request to Countryside that they identify all foreclosures by date and property address. Until further information is obtained from Countryside no further clarification or information can be provided.

Beyond this a single property was sold in July, 2023 to Theirry Barihinyza and Schella Bayitondere whose sale details were disclosed to RLI and was sold with RLI's approval. Additional information is found in the Appendix for Supplemental Interrogatory Answer Three.

Nexus leases part of a commercial location at 12 Middlebrook Ave., Staunton Virginia; Nexus is a month-to-month tenant paying \$5000 per month.

4. **[A]ll accounts, systems, platforms, and mechanisms used by Nexus to process revenue payments ([to supplement] Interrog. No. 15).**

SUPPLEMENTAL ANSWER:

Currently, Nexus utilizes two platforms to record or access records of payments those platforms are Zoho and Lightspeed. Zoho contains current active records which continue to be updated, as described below; Lightspeed holds past records, ie, records created prior to September, 2022.

Nexus no longer processes payments. Nexus has assigned its rights under contracts with clients to Subversivo, LLC ("Subversivo"), which processes payments for Nexus. Additionally Nexus delegated its obligations under those same client contracts to Subversivo.

Clients primarily call by telephone and pay by credit card. Subversivo processes those payments through Zoho; those payments then go to a merchant account held by Subversivo, who then, pursuant to contract, pays those expenses of Nexus which it has contracted to pay, primarily payroll and the costs associated with breaches and operations.

5. [A] complete picture of loans and credit arrangement involving Nexus or the Entities ([to supplement] Interrog. Nos. 13 and 14).

SUPPLEMENTAL ANSWER:

November 2020 property list, indicating which properties are still owned by Nexus or the entities. Each of those properties have corresponding mortgages. Updated statements for each of those properties have been requested from the mortgage holder and will be provided when received. The company's other credit arrangements, other than vehicle financing, have since been closed.

There have never been any inter-company loans between Nexus and the Entities. Nexus, however, donated substantial funds to Nexus Caridades, Nexus Derechos Humanos. These donations were not loans, and thus may or may not be considered a credit arrangement or loan.

Nexus has received substantial loans from Subversivo LLC. The loan proceeds totaled \$1,000,000, which was utilized to pay RLI. Those terms appear in Appendix for Supplemental Interrogatory Answer Five.

Additionally, Nexus applied for and received disaster funding through the SBA of approximately 1,200,000.

Nexus also had lines of credit, through traditional credit card companies. Which has a line of credit through American Express and a line of credit through FMBO.

The active balance on the American Express Credit card is \$73,000 for Libre and \$14,998.97 for Services. Currently Nexus has ceased utilizing the card in order to pay down the balance on that account.

On the FMBO credit account Nexus has an active balance of approx. \$10,252.89.

Nexus until 2017, provided employees down payment advances in the form of loans that were repaid via deductions from employee pay checks. This program lasted from approximately January 2016 until May 2017.

Additionally employee loans were made available through Nexus's short-lived business incubator program; however, no loans were issued to employees through this program.

Finally, pursuant to the advice Floti-Flyn and Bill Gust (collectively "Accounting Professionals"), Nexus's accounting practice involved defining certain expenses as shareholder loans, in order to ensure that such expenses were not claimed as business expenses. These were business expenses that were recategorized by management to shareholder loans.

This practice of classifying expenses as shareholder loans, ended in 2017.

However, in conducting Discovery in this matter, and more closely reviewing Nexus's corporate books, Nexus learnt that unbeknownst to most executive employees accounting continued to mark yet to be assigned expenses as "shareholder loan", before properly categorizing the items. That practice has recently been ended to insure that expenses are categorized as expenses at the time of entry.

6. [A] a summary of its financial arrangements with "Blue Creek Funding LLC" ([to supplement] Interrog. No. 14).

SUPPLEMENTAL ANSWER:

Blue Creek Funding, LLC ("Blue Creek") is a company that provides businesses cash advances. On information and belief, cash advances are not considered loan products under the law of the State of New York, but rather the purchase of certain rights for a definite price.

In or about March 2022 Nexus Services of Virginia, Inc. applied for a Merchant Cash Advance (“MCA”) through Blue Creek. This advance was in the amount of \$130,000, which was purchased by Nexus for \$224,850. In or about April, 2022, Blue Creek offered Nexus a line of credit in the amount of \$1,200,000 with an interest rate of 7% (after an introductory interest rate of 0% after two years), conditioned receipt of the purchase amount noted above. After the payment of the initial \$224,850, Blue Creek failed to honor its offered line of credit.

A suit was filed in New York, that largely was unprosecuted and was dismissed after a breakdown of communication with counsel resulted in non-opposition to a dispositive motion. Ultimately no money was recovered from the suit. Currently, no further information is had, relating to the relationship, other than the information discovered in the public docket of the Supreme Court of New York, Nassau County, *Nexus Servs. of Va., Inc., et al. v. Blue Creek Funding, LLC, et al.* (Index No. 605394/2022). These filings are attached hereto and incorporated herein as Appendix for Supplemental Interrogatory Answer Six.

7. **[A] a complete listing of intangible assets, including all legal claims ([to supplement] Interrog. No. 12).**

SUPPLEMENTAL ANSWER:

Beyond the claim identified by RLI Insurance Co. (“RLI”), Nexus v. Zimmerman (GV22001286-00), in which RLI has filed a lien and the value of which is approximately \$10,000.

Nexus likely has legal claims against David Briggman, a Virginia citizen, the value of which cannot be readily determined, and whose *de facto* value is

likely extremely low due to the believed lack of assets of the potential-defendant, regardless of the amount awarded, the suit would likely be worth no more than \$80,000.

Additionally, Nexus may have claims against Donald Smith, a Virginia Citizen and local law enforcement officer, which on information and belief may be valued at between \$100,000 and \$1,000,000.

The estimation of these claims is by their very nature speculative and neither of these latter two claims has been filed.

8. All payments for legal services ([to supplement] Interrog. No. 15).

SUPPLEMENTAL ANSWER:

A folder containing up to date summary and detailed billing statements are missing from my office and presumed in the Augusta County Sheriff. As such, I have contacted each of the prior firms which have provided Nexus legal services, and will supplement the response as I received details from each firm. At this time, no further clarification or information can be provided.

9. [A] Clarified description of the ownership history of of 8 Bit Oasis, LLC and Gamer Oasis, LLC and their assets, along with an explanation as to why Nexus's July 2021 balance sheet and other financial documents refer to "8-bit Gamer Oasis," "Gamer Oasis," and "LS Gamer Oasis" ([to supplement] Interrog. No. 19).

SUPPLEMENTAL ANSWER:

8 Bit Oasis is now a defunct video game store in Harrisonburg, Virginia. Nexus did an asset purchase of 8 Bit Oasis and later utilized the assets of 8 Bit Oasis. Nexus then sold those assets of 8 Bit Oasis to the

company to Entlest Brands Inc. Entlest Brands, Inc. created a new wholly owned entity Gamer Oasis LLC, and provided that new entity the prior assets of 8 Bit Oasis purchased from Nexus.

There is no ownership interest in Gamer Oasis LLC by Nexus. The documents previously should have shown 8 Bit Oasis and the confusion largely comes from the similarity of names, likely utilized to carry over good will.

Gamer Oasis, LLC at times acts as a vendor of Nexus for employee incentive items as well as merchandise purchased for clients (immigrant youth). Hence why LS Gamer Oasis and Gamer Oasis are listed on the balance sheet as there from time-to-time transactions. They are items purchased, not a loan or an investment in the company.

VERIFICATION AND NOTARIZATION

I, _____ Micheal Donovan am a member of Defendant Nexus Services, Inc. and serve as its Chief Executive Officer. I am the agent of Defendant for the purpose of answering the above Interrogatories. I have read the foregoing interrogatories and the answers to those interrogatories, which are true according to the best of my knowledge, information, and belief. I declare under penalty of perjury that the foregoing is true and correct.

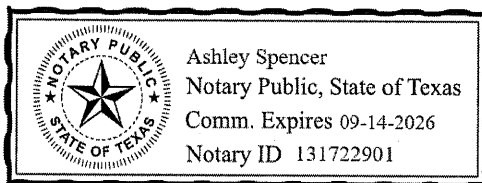
Dated this 26th day of December, 2023.

Micheal Donovan

Sworn to me this 26th day of December, 2023.

Ashley Spencer

Notary Public



Notarized Online with NotaryLive.com



Signed by: Ashley D Spencer
Time: 2023-12-27 05:23:53 UTC
URL: <https://notarylive.com>

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CERTIFICATE OF SERVICE

I hereby certify that on December 27, 2023, a true and correct copy of Nexus Services Inc., Libre By Nexus, and Homes by Nexus's Supplementary Answers to Interrogatories and Annexes to Supplemental Interrogatory Answer 1, 2, 3, 5, and 6 by email on all counsel or parties of record by email.

/s/Zachary Lawrence
Zachary Lawrence